



General Assembly

February Session, 2018

## ***Amendment***

LCO No. 4911



Offered by:  
SEN. FASANO, 34<sup>th</sup> Dist.

To: Senate Bill No. 528

File No. 557

Cal. No. 342

### ***"AN ACT CONCERNING A STUDY OF STATE TAX POLICIES."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 7-576j of the 2018 supplement to the general  
4 statutes is repealed and the following is substituted in lieu thereof  
5 (*Effective from passage*):

6 (a) The Secretary of the Office of Policy and Management and the  
7 State Treasurer may enter the state into a contract with any designated  
8 tier III or tier IV municipality, upon such municipality's request, and  
9 after approval of the contract by the joint standing committees of the  
10 General Assembly having cognizance of matters relating to  
11 appropriations and finance, for the provision of contract assistance to  
12 such municipality in accordance with the provisions of this section.  
13 The contract shall not be signed or executed until such time that said  
14 committees have approved the contract. Any such contract assistance  
15 shall be limited to an amount equal to (1) the annual debt service on

16 the outstanding amount of (A) refunding bonds to be issued by such  
17 municipality pursuant to section 7-370c, or (B) any other bonds or  
18 notes issued by such municipality, provided such refunding bonds or  
19 other bonds or notes are for payment, funding, refunding, redemption,  
20 replacement or substitution of bonds, notes or other obligations  
21 previously issued by such municipality, plus (2) costs of issuance on  
22 any such refunding bonds and any other costs or expenses, including,  
23 but not limited to, any tax payments, that result directly from the  
24 refunding of debt.

25 (b) Any contract described in subsection (a) of this section may  
26 provide that such contract assistance that is necessary to make debt  
27 service payments on behalf of such municipality shall be paid directly  
28 by the state to the municipality, trustee, paying agent or holder of the  
29 refunding bonds, other bonds or notes that are the subject of such  
30 contract.

31 (c) Notwithstanding the provisions of subsection (a) of this section,  
32 no such contract shall be entered into by the secretary and the  
33 Treasurer unless such designated tier III or tier IV municipality files a  
34 certificate with the secretary, and the Treasurer and the joint standing  
35 committees of the General Assembly having cognizance of matters  
36 relating to appropriations and finance that sets forth the amount of  
37 debt service and costs of issuance expected to be paid on any such  
38 refunding bonds to be secured by such state assistance contract.

39 (d) In making any requisite finding or determination for the  
40 purpose of entering into, or executing or approving any contract  
41 described in subsection (a) of this section, the secretary, and the  
42 Treasurer and the joint standing committees of the General Assembly  
43 having cognizance of matters relating to appropriations and finance  
44 may rely upon any reports or estimates of experts, as appropriate, to  
45 evaluate the feasibility of any such refunding of debt.

46 (e) Any provision of a contract described in subsection (a) of this  
47 section shall constitute a full faith and credit obligation of the state and

48 as part of any such contractual obligation of the state to such  
49 municipality, trustee, paying agent or holder of any such refunding  
50 bonds, other bonds or notes, as applicable, appropriation of all  
51 amounts necessary to timely meet the terms of such contractual  
52 obligation is hereby made and the State Treasurer shall pay such  
53 amounts as the same become due to such municipality, trustee, paying  
54 agent or holder, as applicable.

55 (f) Any designated tier III or tier IV municipality that enters into a  
56 contract with the state pursuant to subsection (a) of this section may  
57 pledge such contract assistance of the state as security for the payment  
58 of such refunding bonds issued by such municipality.

59 (g) In lieu of contract assistance in accordance with subsection (a) of  
60 this section, the secretary and the Treasurer may agree to provide other  
61 forms of credit support to any designated tier III or tier IV  
62 municipality, including, but not limited to, an assumption of all or any  
63 portion of any bonds, notes or other obligations of such municipality  
64 or issuance of new state obligations in replacement of such bonds,  
65 notes or other obligations, provided such credit support shall not  
66 exceed the amount of contract assistance that could otherwise be  
67 provided by the state to such municipality in accordance with  
68 subsection (a) of this section.

69 (h) Nothing in this section shall be construed to limit the total funds  
70 available to a distressed municipality.

71 (i) The secretary and the Treasurer shall not enter into a contract, as  
72 described in subsection (a) of this section, with any municipality that  
73 files for bankruptcy.

74 (j) Notwithstanding any provision of the general statutes, following  
75 the provision of contract assistance to any designated tier III or IV  
76 municipality pursuant to this section for a period of two fiscal years,  
77 the total amount of all appropriated statutory aid paid for any such  
78 subsequent fiscal year to any such designated tier III or IV  
79 municipality, excluding the equalization aid grant paid to any such

80 designated tier III or IV municipality pursuant to section 10-262i, shall  
 81 be reduced in an amount equal to the debt service paid by the state in  
 82 the applicable fiscal year on behalf of such designated tier III or IV  
 83 municipality pursuant to any contract for financial assistance entered  
 84 into by the state and such designated tier III or IV municipality  
 85 pursuant to this section unless such appropriated statutory aid is  
 86 approved by each chamber of the General Assembly.

87 (k) The Municipal Accountability Review Board shall make  
 88 recommendations to the Governor and the joint standing committee of  
 89 the General Assembly having cognizance of the budgets of state  
 90 agencies on the amount of funding needed for the Municipal  
 91 Restructuring Fund to enable any such municipality to meet the fiscal  
 92 needs of such municipality in accordance with any plan approved  
 93 pursuant to subsection (a) of section 7-576i and with due regard to the  
 94 reduction required by subsection (j) of this section. Such  
 95 recommendations to the Governor shall be timely made for the  
 96 purposes of the Governor's budget proposal.

97 (l) The provisions of subsections (a), (c) and (d) of this section  
 98 concerning approval of any such contract by the joint standing  
 99 committees of the General Assembly having cognizance of matters  
 100 relating to appropriations and finance shall only apply to any  
 101 application for contract assistance that is submitted to the Secretary of  
 102 the Office of Policy and Management and the State Treasurer on or  
 103 after the effective date of this section."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	7-576j
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